

South Dakota Legislative Research Council

Issue Memorandum 97-22

INFORMATIONAL BUDGETS

Introduction

Informational budgets have had a statutory definition for almost thirty years. Legislators have viewed informational budgets as something over which they have no budgetary control when writing the general appropriation bill. This issue memorandum will give an explanation of informational budgets.

Informational Budget

On the surface, it would seem that an informational budget is quite straightforward--a budget for informational purposes. However, § 4-7-1 of the South Dakota Codified Laws defines an informational budget as the budget of any budget unit not receiving general fund appropriations.* With that definition, any budget with federal fund expenditure authority, other fund expenditure authority, or both would be an informational budget. The fiscal year (FY) 1998 budget for the state of South Dakota contained seventy-two informational budgets totaling approximately \$172,000,000 of federal fund expenditure authority, \$188,000,000 of other fund expenditure authority, and 1,300 full time equivalents (FTE). These informational budgets are listed in

the attachment at the close of this issue memorandum.

When writing the general appropriation bill, legislators have viewed informational budgets as something they do not control. This is true if the funds in an informational budget are continuously appropriated. A continuous appropriation is a statutory appropriation from a specific fund that allows an agency to spend whatever money is available from that fund without coming to the Legislature each year for a specific appropriation. The following is an example of a statutory continuous appropriation:

§ 38-10-35 All moneys received on behalf of the wheat commission from the fees assessed in § 38-10-22, shall be deposited in a special revenue fund created in the state treasury and shall be continuously appropriated to the commission. Expenditures of these funds shall be disbursed solely by order of the commission in accordance with the provisions of Title 4 and the provisions of this chapter.

Of the seventy-two informational budgets in FY 1998, over twenty spend money from funds that are continuously appropriated by statute. The continuous appropriation in statute means the Legislature does not annually determine the level of expenditure for that budget. If the Legislature wanted to set the expenditure level for that budget on an annual basis, the statutory continuous appropriation would have to be repealed. (*See Issue Memorandum 95-31 for a discussion of continuous appropriations.*)

Statutory Requirements for Informational Budgets

Section 4-7-7.2 of the South Dakota Codified Laws requires all budget units that do not receive general funds to submit informational budgets to the Bureau of Finance and Management. These informational budgets are to detail the condition of each fund and list receipts and expenditures of the fund for the past two fiscal years and the next preceding fiscal year. Section 4-7-10 of the South Dakota Codified

Laws requires that the Governor's budget report to the Legislature include informational budgets submitted according to § 4-7-7.2.
Summary

South Dakota state law defines an informational budget as the budget of any budget unit that does not receive general fund appropriations.* The Legislature annually determines the appropriation for informational budgets that do not have a statutory continuous appropriation. All informational budgets are required to be included in the Governor's annual budget report.

* Section 4-7-1 was last amended in 1969. That amendment provided the guideline that informational budgets are any budget that does not receive general funds. Perhaps § 4-7-1 should be reviewed with the idea of making the language in that section more contemporary with current budget practices.

This issue memorandum was written by David Becker, Senior Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.
